

The Myth and the Reality of the Haavara Agreement



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The Haavara Agreement of 25th August 1933 is a subject which is often brought up in debates in and around Zionism and the modern state of Israel. It is a dramatically misrepresented piece of history as it is usually presented without any context whatsoever with key details completely absent and you are told how the ‘evil Zionists’ cooperated with the ‘evil Nazis’ to ‘oppress the Palestinians’.

The principal source for these claims is the American Jewish Marxist and anti-Zionist Lenni Brenner’s two works on the subject: his 1983 book *‘Zionism in the Age of the Dictators’* and the follow-up 2002 book *‘51 Documents: Zionist Collaboration with the Nazis’*.

Brenner’s work is however polemic and not historically solid nor well-researched and he ignores facts and context which contradicts his polemical attempt to associate the Third Reich and Zionism together.

The problem is that Brenner is simply wrong more often than not.

Traditionally the narrative about the Haavara agreement of 1933 has been broadly factual but also terse, dismissive and generally assumes it was a sideshow before the start of the Second World War.

Sachar writes how:

‘It is recalled that a unique transfer agreement permitted departing Jews to withdraw their savings in the form of German goods, which later were sold for British currency in Palestine.’

(1)

Dawidowicz describes more fully how:

'The most significant instance of normal official procedures was the negotiations between the Ministry of the Economy and the Jewish Agency for Palestine, concluding in the so-called 'Haavara agreements' of August 1933. These were, in essence, a compromise on the issue of emigrants' blocked accounts. Under this arrangement Jews emigrating to Palestine deposited their assets in special blocked accounts in Germany held by a Jewish trust company. Once in Palestine the emigrant would be paid off half the amount in Palestine pounds. The other half was credited towards the purchase of finished German goods by the Jewish Agency, which paid half the cost in Palestine pounds.' (2)

'The Haavara agreements were not regarded as an ideological matter related to the Jewish question, but rather a matter of the German economy. The arrangement was seen as boosting German production and German exports and discouraging a worldwide Jewish boycott of German goods.' (3)

'The Haavara agreements were regarded with favour in SD circles as an incentive to Jewish emigration, but the Auslands-organisation, the NSDAP branch dealing with Germans living abroad, strongly opposed it because it gave 'valuable support for the formation of a Jewish national state with the help of German capital.' (4)

This is fairly accurate in that the Haavara agreement that allowed Jews in Germany to take a greater portion of their wealth with them by placing the required amounts in special blocking accounts with the German Reichsbank which was then used on the Palestinian side to purchase German goods and then the money could then be withdrawn by the newly arrived immigrants when they were in Palestine.

Dawidowicz is also right to bring up a bit of context in that it broke the international Jewish boycott of German goods which had begun on 27th March 1933, but which had been largely crushed by German diplomatic activity in the United States and Britain by early April 1933. (5) She is also incorrect in that the boycott wasn't just a Jewish affair, but the main power behind the boycott on German goods was actually the British trade union movement aligned with the British Labour party. (6)

But there is a lot of important detail left out of this narrative as well as Brenner's simplistic 'evil Nazi-Zionists' alternative narrative.

Brenner in *'Zionism in the Age of the Dictators'* and *'51 Documents'* simply omits some very important historical context in his claims about what the Haavara agreement between the Third Reich and the Zionist movement proves.

As Francis Nicosia - the foremost academic expert on the relationship between the Third Reich, Palestine and Zionism - writes:

'In 1931, the German government had enacted a ban on the removal of capital from Germany as a result of the world economic crisis. A year later, in 1932, Mr. Sam Cohen of Hanotaiah Ltd. of Tel Aviv, a private citrus growing firm in Palestine, entered into negotiations with the German government in an effort to permit German Jews who were willing to emigrate from Germany to Palestine to transfer a small portion of their blocked assets in the form of German machinery and other products needed for expanding orange groves in Palestine. Cohen's initiative was not motivated primarily by anti-Jewish discrimination or any Jewish emergency in Germany in 1932; rather, it was focused on Palestine, the building of the National Home, and the desirability of finding new ways to promote the flow of Jewish capital and immigrants into Palestine in difficult economic times. These objectives, of course, did not change in any way as a result of the crisis in Jewish life in Germany after 30 January 1933. They were, however, reinforced by the new urgency of facilitating the movement of Jews and some of their assets out of harm's way as expeditiously as possible.' (7)

This all important historical context presents an almost insurmountable obstacle to Brenner's argument about wholesale *'Nazi-Zionist collaboration'* in relation to the Haavara agreement precisely, because it was put forward in its early form as a proposal in 1932 by Sam Cohen as the result of 1931 legislation triggered by the impact of the Wall Street Crash on Germany and had absolutely nothing to do with the Third Reich and everything to do with the Zionist movement's desire to persuade more Jews to emigrate to Palestine.

This means that the Haavara agreement was little to do with the Third Reich whose involvement was incidental and that had the government of Germany in 1933 been that of the Catholic Centre Party (Zentrum) or the Social Democratic Party (SPD) then they would have been presented with the same offer and may well have also agreed to it as the Third Reich did.

As Nicosia explains:

'Of course, the Haavara Agreement came into existence first and foremost because the regime deemed it to be in its political and economic interest; but the initiative for such an arrangement came from the Yishuv, the Jewish community in Palestine, which enlisted the support of the World Zionist Organization; the German Consul General in Jerusalem, Heinrich Wolff; and ultimately the German government itself. It was a Zionist, that is, a Jewish, idea and initiative, not a Nazi one. The Zionists intended it to meeting an emergency by appealing to the mutual interests of the German government and the Zionist movement to promote Jewish emigration from Germany to Palestine, coupled with the opportunity for Jews to leave Germany with at least a small portion of their assets. This had become an even more urgent matter by 1933 given the harsh economic realities facing Jews seeking to emigrate from Germany during the Depression and the immigration requirements imposed by the British Mandatory authorities in Palestine.' (8)

We can immediately see that the key motivation for the Haavara agreement from the Zionist side was both ideological (the desire to immigrate to Palestine and create a Jewish national home) and practical (to ensure Jewish immigrants to Palestine met the financial criteria for immigrants imposed by the British Mandatory authorities).

Meanwhile from a German perspective its origin was primarily economic (in that it broke the economic blockade of Germany that Jews and British trade unions were trying to create) but it also had an ideological dimension to it.

However, it is dishonest to present the Third Reich's motives as being *'pro-Zionist'* because the German policy of using Zionism as a conduit and an ideological lever to push Jews to emigrate from Germany to Palestine was not in fact part of the German decision-making in the Haavara agreement.

As Nicosia stresses the motive from the German side was that it would help stimulate the economy that the Third Reich had inherited because of the poor financial position of Germany in 1933 because of a lack of foreign currency and significant trade deficits as a result of the global and domestic economic depression since the Wall Street Crash of 1929. (9)

Indeed, the emigration of the jews posed a significant risk to the German economy due to the significant outflow of capital from the country, (10) but was prevented by the 1931 law preventing such an outflow but because the boycott was viewed as a threat to the economic recovery of Germany by both the Ministry of the Economy and the Foreign Ministry: (11) they were amenable to Cohen's plan of 1932 that was re-presented via the (anti-Nazi) German Consul General in Jerusalem Heinrich Wolff in early 1933. (12)

The genesis of the famous trip of SS officer and German journalist Baron Leopold von Mildenstein to Palestine with Kurt Tuchler - a jewish judge and prominent member of the Zionist Federation of Germany - to Palestine in late 1933 to early 1934 occurred around this time with a Zionist organization - we don't know for sure which - inviting von Mildenstein to Palestine to advertise the Zionist activities there as a potential solution to Germany's desire to be free of jews. (13)

This was then publicized in a series of articles in Goebbels' newspaper '*Der Angriff*' between 27th September and 9th October 1934 which was advertised in part via the famous '*Nazi-Zionist*' Palestine Memorial Coin as I've detailed in a separate article, (14) which is also often falsely used as '*evidence*' of '*Nazi-Zionist collaboration*'.

The problem here for those promoting a link between the Haavara agreement and '*Nazi-Zionist collaboration*' is that the policy of using Zionism as a conduit and ideological lever to push the jews out of Germany didn't begin until Mildenstein was appointed as head of the SD's Judenreferat in 1935 by Reinhard Heydrich on the back of his articles in '*Der Angriff*' in late 1934 and his six-month trip to Palestine in late 1933 to early 1934. (15)

In other words: there is circa two-year difference between the Haavara agreement of August 1933 and the adoption of Zionism as a potential conduit and ideological lever to push the jews out of Germany by the Third Reich so the latter's short-lived support of Zionism (it lasted from the summer of 1935 until July 1936) was not the reasoning behind nor the motivation for the Haavara agreement from the German side.

Indeed, the German Ministry of the Economy thought the Haavara agreement was the best way to combat the boycott of German goods and prevent any degradation of the German trade deficit, (16) but this was also the same ministry's strategy before the Third

Reich when they'd sought to use the initial Hanotaiah proposals of Cohen in 1932 to do exactly the same thing. (17)

The Haavara agreement was also a success from the German perspective and can be credited with stopping capital flight from Germany and helped prevent job losses in Germany's export industries at a crucial time in Germany's economic recovery. (18)

So how did the Haavara agreement work?

Well as Nicosia explains:

'According to the agreement, the blocked assets of German Jews willing to leave Germany for Palestine were deposited in a special account at the Reichsbank. Importers in Palestine who wished to purchase German goods deposited the cost amount of the goods in £pal, with the Anglo-Palestine Bank. About half that amount was then transferred to the Reichsbank in Germany. The goods were paid for in Reichsmarks in Germany from the blocked assets of the Jewish emigrants going to Palestine, who in turn received partial compensation for their blocked assets when they arrived in Palestine. This compensation came from the remainder of the initial purchase funds originally deposited by Palestinian importers. Thus, German Jews immigrating to Palestine were able to meet the minimum financial requirements for immigration established by British Mandate authorities.' (19)

This explanation makes it clear that by increasing the capital limits of what jews could take – which changed from the rather limited original Hanotaiah agreement of early 1933 and became the much more comprehensive Haavara agreement over July/August 1933 (20) before being officially signed on 25th August - (21) then Germany would benefit by having a captive sale of German goods to jews and non-jews in Palestine who paid Siegfried 'Eliezer' Hoofien of the Anglo-Palestine Bank of Tel Aviv the price of the goods in Palestinian pounds (22) and whose cost was then credited against the relevant special blocked accounts in the Reichsbank in Berlin, which jews had paid into via two jewish intermediary banks: M. M. Warburg of Hamburg and A. E. Wassermann of Berlin. (23)

Jewish emigrants could take £pal1000 (Palestinian Pounds) on them (circa \$5,000 at the time) and transfer 20,000 RM (Reichsmarks) in the form of German goods via the Haavara agreement to Palestine. (24) Once they arrived in Palestine; these jewish

immigrants would then receive circa 42/43 percent of the 20,000 RM with jewish agricultural and communal organizations keeping 39 percent of the 20,000 RM and purchasing more German goods with the additional funds with the balance kept by the German authorities to pay for the cost of travel and the visa. (25)

This then prevented significant capital flight from Germany as required by the 1931 law and Ministry of the Economy's policy, while also breaking the boycott of German goods by acquiring a captive market in Palestine, generating capital for the German state via the confiscated assets of emigrating jews in excess of £pal1000 and 20,000 RM as well as generating much needed foreign currency for the Third Reich to use to replenish the reserves so heavily depleted in the years after the Wall Street Crash of 1929. (26)

However, why did the Zionists break the jewish boycott against Germany?

Doesn't this seem paradoxical?

Well not really because the jewish boycott against Germany – as I've explained previously – was really only a phenomenon among the jews in the United States (27) and had been generally crushed by German diplomatic manoeuvres by early April 1933. (28)

However, it was still sporadic due to international – often jewish-owned – press and newspaper efforts to revive the boycott and push it (29) and was in fact a growing movement among jews in Palestine – (30) which Brenner makes much of – (31) but despite Brenner's desperate efforts to claim otherwise quite a few non-American Zionists actually disagreed with the boycott of German goods promoted by jewish Zionists in the United States.

As Nicosia explains:

'Most Zionists viewed the anti-German economic boycott as dangerous to the exposed and vulnerable position of all Jews in Germany. They also saw it as an impediment to the transfer approach they had recognized and pursued even before 1933 as an effective means of promoting Jewish immigration into Palestine and the influx of much-needed Jewish capital into the Jewish national home.' (32)

Basically, most Jewish Zionists saw the actions of the Jewish Zionists in the United States as utterly irresponsible and reckless as well as needlessly antagonistic which just made the situation of the Jews in Germany worse because all it achieved in reality was what we'd now call virtue signalling.

So, they acted to diffuse the situation by working with Cohen's existing idea and creating the Haavara agreement out of it – as well as inviting Mildenstein to Palestine for a fact-finding trip – in August 1933 and won the battle with the majority of Zionist delegates voting in support of during Eighteenth World Zionist Conference in Prague in September 1933. (33)

This was confirmed again during the Nineteenth World Zionist Conference in Lucerne, Switzerland in 1935 by a vote forced by Jewish Zionists from the United States – such as Rabbi Stephen S. Wise of the American Jewish Congress, the World Jewish Congress in its entirety and other major American Jewish figures such as Rabbi Abba Hillel Silver – and despite ferocious lobbying from American Jewry: it was a total loss for them. (34)

Zionists outside Germany did voice significant opposition – most notoriously Ze'ev Jabotinsky and his violently anti-gentile '*Revisionist Zionist*' movement - (35) to the Haavara agreement which Brenner skirts over without much qualification or discussion (36) likely because it inconveniently directly contradicts his thesis of '*Nazi-Zionist collaboration*'.

Indeed, in many ways the Haavara agreement was the crowning moment of German diplomacy in 1933 superseding the bloodless crushing of the Jewish (and the British trade union) boycott movement by the German Foreign Office in April 1933.

Since as Edwin Black put it:

'The Transfer Agreement tore the Jewish world apart, turning leader against leader, threatening rebellion and even assassination.' (37)

In other words: the German Foreign Office by being flexible with the Ministry of the Economy's needs had set the Zionists of the world at each other's throats and Black's reference to assassination is not simply rhetorical either.

Since the murder of Jewish Labour Zionist leader Victor (alternatively Chaim or Haim) Arlosoroff (who was one of those negotiating what later became the Haavara agreement and the former teenage boyfriend of Magda Behrend who later became Magda Goebbels) (38) on 16th June 1933 can be directly connected to Jabotinsky and his '*Revisionist Zionist*' movement's (39) – despite modern Jews desperately trying to claim that it was in fact (bizarrely) orchestrated by Joseph Goebbels and the Third Reich not by Jabotinsky's fanatics – (40) opposition to any such agreement with the Third Reich. (41)

We can thus see that the German Foreign Office had inadvertently split the entire Zionist movement in two and caused them to be at each other's throats as well as to start to kill each other.

Also of note is further evidence that the Haavara agreement was viewed almost entirely as an economic measure apart from a short period between the summer of 1935 and 27th July 1936. (42)

This can be found in both in Mildenstein's disenchantment with Zionism as a solution to the Jewish problem in Germany and his resignation as the head of the SD's Judenreferat on 27th July 1936 and his switch to the Propaganda Ministry as head of its Middle Eastern bureau and an ardent and vocal anti-Zionist till 1945. (43)

But also, in the switch in the opinion of the German Foreign Office which had originally been very supportive of the Haavara agreement and Zionism as a solution to the Jewish question (44) along with sections of the NSDAP (45) had completely turned against it by 1936.

This was because the German Foreign Office (and the Propaganda Ministry) felt that the Haavara agreement had served its purposes in defeating the boycott and was undermining the safety of German Christians in Palestine and also affecting the popularity of the Third Reich among the Palestinian Arabs. (46) Despite this the Ministry of the Economy continued to support it because it generated much needed foreign currency for the Third Reich (47) and an informal compromise was reached - via Hitler's direct intercession - where the German Foreign Office and the Propaganda Ministry would continue vocal support for – and to promote - the Arab national cause in Palestine, while the SS made it as desirable and easy as possible for Jews to emigrate

from Germany to Palestine (such as most famously done by Adolf Eichmann's personnel in Austria in 1938 after the Anschluss of 11th to 13th March of that year) while the Ministry of the Economy reaped the benefits of the confiscated Jewish wealth above the £1000 and 20,000 RM limit set by the Haavara agreement. (48)

The Haavara agreement was only wound down after the German invasion of Poland in 1939 and advent of the Second World War. (49)

Thus, in summary we can see that the idea of – and proposal for – the Haavara agreement from Sam Cohen predates the Third Reich, was being negotiated by the German Ministry of the Economy before the Third Reich in 1932 and was based on a German law from 1931 that prevented capital flight from Germany in the wake of the Wall Street Crash of 1929.

Further we can see that the German motivation for the Haavara agreement during the Third Reich was almost exclusively economic and to help the German economy recover in spite of the attempted international (Jewish) boycotts against it. Further we can see that the German Foreign Office pulled off something of a diplomatic coup with the Haavara agreement and split the entire Zionist movement by it.

Yet further we can see that the Zionist motivation for proposing and signing the Haavara agreement was entirely unrelated to the Third Reich's anti-Jewish policies, but their breaking of the boycott against German goods was inspired by the fact that this boycott was a primarily American Jewish phenomenon that they felt only made things worse for the Jews of Germany.

We can therefore see that the claims of '*Nazi-Zionist collaboration*' are not only unfounded but almost entirely counter-factual.

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